

**House Select Committee
on the
Use of 911 Funds**

A meeting of the House Select Committee on the Use of 911 Funds was called to order by Representative Angela Bryant, Chairman, at 2:30 pm on April 19, 2010, in Room 1228 Legislative Building.

Members present included Chairman Representative Angela Bryant; Representative Bill Faison; Representative Efton Sager; and Representative Roger West.

Staff present included Heather Fennell, Bill Patterson, Karlynn O'Shaughnessy, Peter Capriglione, Steve Ross, and Committee Clerk Susan Whitehead.

Representative Bryant announced that Representative Lucy Allen resigned from the NC House of Representatives due to an appointment by the Governor to the Utilities Commission. Ms. Allen will be missed not only as a legislator, but as a leader, and as co-chair of this Use of 911 Funds committee.

Representative Bryant welcomed everyone. She thanked the Sergeant-at-Arms for their assistance.

The minutes from the March 16, 2010, meeting were reviewed, and Representative Faison made a motion to approve. Representative Sager seconded and the minutes were approved.

Representative Bryant introduced the proposed legislation Bill Draft 2009-TD-28 (v.4) (Attachment 1). At our last meeting, issues to be decided by the committee were proposed by the 911 Board, the League of Municipalities, NC Association of County Commissioners and Chairman Representative Bryant. They include:

1. Operating standards for PSAPs
2. Composition of the 911 Board
3. Authorize the 911 Board to pay private vendors
4. Increase the 911 Board's administrative expense fee from 1% to 2%
5. Authorize the 911 Board to conduct statewide projects
6. Allow grants for consolidation of PSAPs
7. Expand the use of funds

Representative Faison proposed an amendment to the draft legislation on page 3, lines 16-18. The amendment would delete "A PSAP that receives a distribution from the 911 Fund may not use the amount received to pay for the cost of communication devices used by emergency responders". In addition Representative Faison proposed legislation that would expand future funding to include radios for the first responders Section 1. G.S. 62A-46(c) to be read as rewritten "(4) The lease, purchase, or maintenance of radio communications equipment including necessary hardware and

software, base station transmitters, towers, microwave links and antennae used to dispatch emergency calls from the PSAP and the radio communications equipment used by the first provider of emergency services to receive the emergency dispatch.”

Representative Bryant added this proposal to the list of items to be decided.

Representative Bryant introduced Mr. Barry Furey, Director of Raleigh-Wake Emergency Communication Center, who made a PowerPoint presentation on Next Generation 911 (Attachment 2).

Representative Bryant recognized Representative Faison who stated that he applauds Mr. Furey for embracing technology and preparing for changing technology that is unknown at this time.

Representative Bryant introduced Kevin Leonard, NC Association of County Commissioners who made a PowerPoint presentation (Attachment 3).

Representative Faison asked Mr. Leonard for clarification on the makeup of the proposed Standards committee. Is it correct that the League of Municipalities and NC Association of County Commissioners would propose members of the Standards Committee and not allow all of the stakeholders on the 911 Board to propose members? Mr. Leonard stated that the thought process behind having only the League of Municipalities and NC Association of County Commissioners propose members to the subcommittee was that they would appoint the technical experts (i.e. members of NENA and APCO) or the people who work in the PSAPs on a day to day basis. The local government representatives would be able to make the best choices of people to in turn be put on a subcommittee to come up with PSAP standards. Representative Faison stated that if we are going to have a subcommittee to deal with a solution to the problems of 911 funding and setting the standards, it makes no sense to exclude the technical expertise of the telcos. Mr. Leonard stated the people who are in the local government PSAPs have the technical expertise. Representative Faison thinks that the proposed subcommittee members should be chosen by the 911 Board. Mr. Leonard's proposal gives too much power to local governments and it excludes certain members.

Representative Bryant believes that the first decision the Use of 911 Funds committee needs to make is if there will be a subcommittee or 911 Board. If there is a subcommittee, a decision will have to be made as to how members are selected.

Representative Bryant introduced Richard Taylor, Executive Director of the 911 Board. Mr. Taylor responded to Mr. Leonard's presentation. The 911 Board approved a 17 member board unanimously.

Representative Faison asked Mr. Taylor for clarification of the makeup of the 17 member board. Mr. Taylor stated that it was not decided who would be dropped, but his recommendation would be to eliminate the second AT&T seat and make that a public sector seat.

Representative Bryant asked Herb Crenshaw, AT&T North Carolina, for feedback. Mr. Crenshaw stated that at the time of the merger of the wireless board and the wireline board, AT&T wireless and wireline were two separate companies. This is how duplicate AT&T seats are part of the current 911 Board. Mr. Crenshaw stated that AT&T would not be opposed to eliminating one seat on the 911 Board.

Mr. Taylor stated that also no decision was made as to who would be appointed in that place -- whether it is a fireman, emergency management, another APCO representative, etc. The only agreement was that the board would be a balance of 8 public members and 8 private members.

Mr. Taylor stated Mr. Leonard was incorrect when he stated during his PowerPoint presentation that the only things 911 funds can be used for are sold by the telco companies on the 911 Board. This makes it seem that the telcos are trying to corner the market, but it is not true.

Mr. Taylor stated that the 911 Board has been trying to come up with language for the expansion distribution for 911 Funds. Both the 911 Board and the NC Association of County Commissioners proposed that a new funding distribution formula be created. The 911 Board believes a distribution funding model should be created now with current information. The NC Association of County Commissioners believes that the new distribution funding model should be created after all PSAPs have met standards. Everyone agrees the current funding model is broken, but they disagree as to when the funding model should be changed.

East Carolina University just finished its report titled "Findings and Recommendations on 911 Costs and Funding Model for the NC 911 System" (Attachment 4). Mr. Taylor stated that the ECU economists developed this from audited data from the 911 Board. These numbers are representing a process that must continue in order to be accurate. This funding model is based on the population of the jurisdiction of the PSAP and the PSAPs expenditures. There are five different subgroups of population groupings for PSAPs. There is a difference in the cost of providing 911 services in a rural area vs. an urban area. These grouped PSAPs help determine the costs per capita of population. The funding model is based on current expenditures and PSAPs only spent about \$40 million, however, the 911 Board distributed about \$60 million. There was money collected by the PSAPs that was never spent. The ECU model uses the high end of the distribution, provides for "hold harmless" and provides additional funding for statewide projects. The ECU model promotes consolidation of PSAPs because now the actual cost of 911 service per person can be determined. There is also a provision of \$25,000 for each PSAP in order to do timely and accurate reporting. This ECU report is a good base for the creation of a funding model and for getting "approval" from the stakeholders so that the process can be worked and done by June 30, 2011.

Representative Bryant asked who objected to the \$25,000 reimbursement for the reporting cost. Mr. Taylor stated that some comments include that finance directors at

the local level should already be doing this, others stated that the \$25,000 should be given to the PSAPs, and basically local governments do not like this provision.

Representative Bryant asked about the 911 Board's position about expansion of use of funds. Mr. Taylor stated that in the original 911 Board draft that expansion of funds was allowed up to the top of the tower, 25% of the cost of anything over and above the current eligible expenses for one year, and after the year only what is within the four walls of the 911 center.

Representative Bryant asked if there was any concern about the base formula including expenses the city/county incur in the 911 center that are not eligible at this time. Mr. Taylor stated that the ECU model is based on 5 years of expenditures of eligible expenses, so if we were to adopt this model and in the upcoming year funds are used for radio console equipment up to the top of the tower, then those expenditures would be a part of the 5 year plan. The ECU model's base formula adjusts for population and expenditure growth.

Representative Bryant asked Mr. Leonard if there was any part of this ECU model that the NC Association of County Commissioners finds acceptable. Mr. Leonard stated that they do not agree with how the funding formula has been stated. Mr. Leonard stated that the NC Association of County Commissioners believes the funding formula should be based on call volume and per capita/population because they have not been privy to the information collected by ECU to make an accurate calculation.

Representative Bryant introduced Tonya Pearce with NC NENA who is also the Deputy Director of the Durham 911 Center. NENA believes that fund balances that are being held by counties are not an accurate indication of available funds. These funds are earmarked by counties for projects. It is not necessarily extra funds. This is missing from the ECU model. NENA believes that the ECU model assumes the fund balances are excess, not earmarked. The ECU model assumes the PSAPs are equipped to a standard. Conversations by 911 professionals with 911 centers would be able to clarify the ECU model's assumptions and provide an accurate accounting. NENA believes that 911 centers who meet standards and have long term goals should be able to spend excess funds as they see fit, not by what is allowed by the 911 Board. The ECU model looks only at what has been reported and that is only what has been expensed out of the 911 centers accounts. NENA would like for the 911 Board to come up with a questionnaire/guide that would help 911 centers meet a standard and then left over funds be used as the 911 centers decide. NENA does not like the idea of giving \$25,000 to local 911 centers to meet reporting deadlines. NENA would like for these funds to be used to hire staff that could work as advocates for the centers to make sure they meet standards and have equipment purchase guidance and could work to promote consolidation and prevent duplication.

Representative Bryant introduced Dwight Allen who represents the telephone companies. The telco's would like for the NC General Assembly to fund the current \$.70 service fee with a special use tax and get the telco's out of the loop. PSAP

standards are needed. Telco's agree that the increase of the administrative fee from 1% to 2% is needed in order to provide more technical expertise by hiring or contracting so that the expertise is available and some level of parity is achieved. As to the 911 Board membership, telco's would like to keep the board as is. The current 911 Board has worked well together and almost all decisions have been made unanimously, therefore it should stay the same. The people who work in the PSAPs should be represented and there should be a wide diversity of membership. Telco believes the funding model should be fixed first, not wait until standards are met. Telco thinks that the funding model should be based on expenses plus 10% and the extra money be spent on a standard priority equipment list.

Representative Bryant would like to review the issues with the Use of 911 Funds committee and come to a consensus so that proposed legislation can be prepared.

Composition of the 911 Board: It was agreed that the makeup would be 8 public, 8 private and 1 chairman with no duplicate seats. Ms. Fennell suggested that the revised legislation simply eliminate one of the private seats and create a new position for the public. The new public seat would be assigned as an APCO representative. This would have 2 NENA and 2 APCO representatives. Representative Bryant suggested that 1 NENA and 1 APCO representative be recommended by their respective organizations and that the other NENA and APCO representatives be recommended by the Association of County Commissioners and the League of Municipalities respectively.

Operating standards for PSAPs: It was agreed that the 911 Board should establish its own subcommittee to create the standards for PSAPs.

Private Vendors: It was agreed that the 911 Board could pay private vendors for provisioning network for purpose of providing 911 service.

911 Board Administrative Expenses: It was agreed that the 911 Board could raise its administrative fee up to 2%.

Statewide Projects: It was agreed that the 911 Board may transfer leftover funds that are designated to reimburse CMRS providers to the Grant and Statewide Projects account to allow the 911 Board to fund statewide projects.

Voluntary Consolidation: It was agreed that PSAP grants would be allowed for consolidation into a primary PSAP permanently ongoing forward. This is a new grant category.

Expansion of Fund Uses: It appears that the committee agreed that funds can be used to the top of the tower, for the tower and for radio equipment to be used by first provider emergency services when adopted. It would not be necessary to meet the standards before the expansion of fund use. Also included would be the deletion of "A PSAP that receives a distribution from the 911 Fund may not use the amount received to pay for the cost of communication devices used by emergency responders". When Chairman

Bryant repeated this fourth option for consensus by the committee, she left out “the tower itself”; however, the tower infrastructure is specifically included in the draft legislation presented by Representative Faison for consideration and it is attached.

Funding Distribution: It was agreed that the funding distribution model formula be decided by the 911 Board, with parameters that it would not compromise/hurt any PSAP. The 911 Board would get the stakeholders together to tweak the ECU model and create this formula and be ready to enact by July 1, 2011.

Ms. Fennell reviewed technical changes requested by the 911 Board. Mr. Taylor reviewed their requests. The 911 Board needs term limits. At this time, the 911 Board has a 4 year term with a limit of 2 terms. It was suggested that members have staggered 3 year terms with a 6 year limit.

Ms. Fennell stated that there are technical corrections to some of the definitions. This will be put together and sent to members.

The staff will prepare draft legislation to be reviewed at the next meeting on Monday, April 26, 2010, in room 1228 of the Legislative Building.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Representative Angela Bryant, Chair

Susan H. Whitehead, Committee Clerk